

**MILITARY STAFF
EMERGENCY MANAGEMENT AGENCY
PERFORMANCE AUDIT
MAY 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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EXECUTIVE SUMMARY

Since September 11, 2001, the Emergency Management Agency (EMA) has been dealing with the many challenges facing the nation and our state. The audit, which began prior to that tragic event and was completed subsequent to it, addresses some areas that we believe need to be strengthened to assist the agency in performing its mission. The additional coordination and communication that has occurred between local, state, and federal officials in the last several months should provide a great deal of information that can be helpful to the agency in addressing these recommendations.

There are various plans and procedures that have not been updated in several years. The Emergency Operations Plan has not been updated since 1996 and should be reviewed annually and updated as needed. A number of local emergency plans for the 39 cities and towns need to be updated. The agency Standard Operating Procedures need to be reviewed and updated including procedures for the emergency alert system. The agency should review all Memorandums of Understanding to ensure there are current agreements for all support services that are needed. The list of disaster coordinators for all state agencies should be updated.

The role of the agency in the State Emergency Response Commission needs to be clarified and operating procedures for performing functions related to that role should be updated.

A plan needs to be developed to make all the Civil Defense State Radio System sites operational.

Several areas need to be addressed in finance and administration including adequate documentation to support personnel charges and allocations to the various programs and funds to improve internal accountability and meet federal requirements. More accurate financial information and better coordination between financial and program managers is needed for contract and grant management. Also, controls need to be improved to better comply with state procedures for cash receipts.

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May 28, 2002

Major General Reginald Centracchio
The Adjutant General
645 New London Avenue
Cranston, RI 02920-3097

Dear General Centracchio:

We have completed a performance audit of the Military Staff, Emergency Management Agency. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Management's response to our recommendations is included in this report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of the Military Staff, Emergency Management Agency's corrective action plan within 6 months from the date of issue of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

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EMERGENCY MANAGEMENT AGENCY
PERFORMANCE AUDIT
MAY 2002

INTRODUCTION

Objectives, Scope, and Methodology

We have conducted a performance audit of the Military Staff, Emergency Management Agency for the fiscal year ended June 30, 2001 and the period July 1 to October 18, 2001. Our objectives were to evaluate the adequacy and effectiveness of managerial controls, the economy of resources, and compliance with significant laws and regulations applicable to the program. Our audit was made in accordance with *The Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditing.

To accomplish our objectives, we obtained an understanding of the program procedures for emergency mitigation, preparedness, response, and recovery to ascertain whether the results were consistent with the goals and objectives of the program and were carried out as planned. We also reviewed the reliability and integrity of financial and operating information. We interviewed responsible personnel, performed tests of the accounting records, and other such auditing procedures, as we considered necessary in the circumstances.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond within 60 days to all recommendations in this report. Management's response to our audit findings and recommendations was submitted on May 16, 2002 and is included in this report.

Background

The Military Staff headed by the Adjutant General maintains both the Rhode Island Emergency Management Agency and the Rhode Island National Guard as organizations capable of responding to statewide civil emergencies or natural catastrophes. RIGL's 30-1-14 and 30-28-30 and the Military Code prescribe the Military Staff's duties and functions. Chapter 30-15 of the R.I. General laws created the Emergency Management function that was merged with the Military Staff in 1997. The mission of the Rhode Island Emergency Management Agency is to protect life and property in the event of a disaster or crisis through a program of mitigation, preparedness, response, and recovery.

Noteworthy Accomplishment

As of September 11, 2001 the agency made Rhode Island one of only four states in the country to have successfully completed a statewide Domestic Preparedness Strategy Plan as required by the U.S. Department of Justice. The approval of the three-year strategic plan has made the state eligible for one million dollars for use in acquiring equipment, conducting training, and addressing other related aspects of preparedness for terrorism incidents involving weapons of mass destruction. This plan was the product of a team effort by local, state, and federal officials.

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FINDINGS AND RECOMMENDATIONS

Introduction

The events of September 11, 2001 in this country will have far reaching effects on many aspects of our lives. Nowhere is this more apparent than in the area of emergency management where state and local emergency management programs serve the public. The emergency management functions of mitigation, preparedness, response, and recovery--while always important--have clearly moved to the forefront of our country's consciousness. We will discuss some areas that we believe need to be strengthened to assist the Emergency Management Agency (EMA) in its mission and also in meeting the many challenges that lie ahead. The completion and federal approval of the Domestic Preparedness Strategy Plan plus all of the additional communication and coordination between state, local, and federal officials that has occurred since September 11, 2001 should also provide a favorable environment and adequate information that can be used to help address the recommendations in this report.

Plan Development and Maintenance

Various plans, procedures, and strategies developed and maintained by EMA have not been reviewed or updated in several years.

Emergency Operations Plan - The Emergency Operations Plan (EOP) provides an overview of the State of Rhode Island's approach to administering unforeseen perils associated with natural disasters, technology, and atomic energy. It provides operational concepts relating to the various emergency situations, identifies components of an organized response, and describes overall responsibilities and actions to save lives, protect property, and mitigate suffering.

The EMA is responsible for publishing, distributing, and monitoring the EOP. The Governor is responsible for ensuring that all involved officials make an annual review of the EOP.

The EOP in place at the time of our audit was dated January 1995 and was last updated in August 1996. At the time it was published, EMA and all of its operating units were housed within the Rhode Island State House and large segments of the plan were still predicated on the "cold war" thinking and the treatment of the subject of terrorism was limited. The merging of operations with the Military Staff and moving of most of the operations to the Cranston Facility in 1997 as well as changes in personnel are some areas not reflected in the plan.

Recommendation

1. Review the EOP annually and update as required.

Local Emergency Operating Plans - EMA has copies on file of the local emergency operating plans for the 39 cities and towns of the state; however, as many as 21 of these plans are at least 12 years old. We reviewed several in detail and some lacked required information such as emergency resources, hazardous material data, and other significant information. The lack of current and complete information weakens EMA's ability to perform the necessary coordination with the local communities that could be required.

Recommendation

2. Ensure that all of the cities' and towns' local emergency plans on file are current and complete.

Standard Operating Procedures - There are 30 separate standard operating procedures (SOP's) issued by EMA listed as active that detail operations. Twenty-nine of these are dated November 1988 and many do not reflect current conditions at EMA. This information includes names of employees and their roles and responsibilities. Some of these employees no longer work at the EMA and others have different positions and duties. One SOP provides detailed procedures for the use of emergency broadcast equipment which was in place at the previous EMA location at the State House. When the operation was moved to Cranston, a different emergency alert system was set up but the related SOP was never updated. Given the present situation, notification and response to an emergency could be problematic and delayed.

Recommendations

3. Review all SOP's and update as needed.
4. Develop a SOP to give step-by-step procedures to activate the current emergency alert system.

State Agency Contacts - EMA maintains records of the names, home addresses, and home telephone numbers of individuals assigned by each state agency to be their disaster preparedness coordinator in the event that it is necessary to contact an agency after normal working hours. This information was last updated in 1992. This lack of current information could hinder communication and affect the timely response of a state agency.

Recommendation

5. Update the list of disaster preparedness coordinators for all state agencies.

Memorandums of Understanding (MOU) - EMA maintains MOU's with various private, state, and federal agencies to ensure the delivery of emergency support services during an emergency. We reviewed the eight MOU's currently being maintained and noted that the one with the Civil Air Patrol had expired in 1996. EMA does not have a formal process to review organizations and update these agreements or to set up additional agreements as needed. There are numerous organizations active in various aspects of disaster relief and emergency that interact with EMA but there are no MOU's for them so the support services available have not been spelled out or agreed to.

Recommendation

6. Review the MOU's to ensure they are current and to determine if additional agreements need to be established to continue the delivery of support services.

Alternative Emergency Operating Center - The EMA Emergency Operating Plan provides for use of space at the state Zambarano Hospital located in Burrillville as an alternative emergency-operating center in the event that relocation is necessary, based on a past agreement between the two agencies. EMA was unable to produce a copy of any such agreement and it appears that this arrangement originated many years ago when this rural alternative site met the agency needs during the "cold war" period. The current EMA management does not appear to show interest in utilizing this site. Discussions with the EMA management also indicate that other alternative sites might be preferable in the current environment.

Recommendation

7. Review the current needs and requirements for an alternative emergency-operating center, develop a plan including any necessary agreements, and update the Emergency Operations Plan to reflect any changes.

Civil Defense State Radio System Readiness

The Civil Defense State Radio System (CDSTARS) is a backup means of radio communications intended to provide a reliable communication linkage between EMA and all 39 cities and towns as well as certain state, federal, and private agencies. EMA conducts weekly tests of the system with about a 50 percent rate of failure in responses received from the sites tested. The reasons listed per the testing records include antenna problems, units in for repair, renovations, and relocations. Although EMA conducts weekly tests of the system, identifies problem areas, and uses this information as part of its agency performance measures, there is no effective corrective action plan being implemented to make the system fully operational. The non-availability of CDSTARS usage in some locations reduces the ability to respond in the event of a disaster or emergency when other forms of communication are not operating.

Recommendation

8. Develop a plan and work with the necessary parties to make all CDSTARS sites operational.

State Emergency Response Commission /EMA Role

The Emergency Planning and Community Right-to-Know Act of 1986 [42 U.S.C. 11001-11050] (EPCRA) establishes programs to provide the public with important information on the hazardous and toxic chemicals in their communities and establishes emergency planning and

notification requirements to protect the public in the event of a release of extremely hazardous substances. The act requires the governor of each state to appoint a State Emergency Response Commission (SERC) for the purpose of performing all emergency planning, notifications, and reporting duties prescribed by the act.

In 1999 the Governor of Rhode Island--through an executive order--revised the make-up of the SERC and selected various agencies to be members including EMA. He appointed the State Fire Marshal as chairman replacing the Director of EMA and designated the Division of State Fire Marshal as the primary agency for implementing the planning and notification requirements in lieu of EMA. In contrast, both the EMA Emergency Operations Plan [last updated in 1996] and EMA SOP 30 "Hazardous Material Spill Notification and Response Procedures" [dated December 2000] refer to the EMA as the designated state agency to receive notifications on behalf of the SERC; in reality, EMA receives few, if any, notifications. We also reviewed copies of recent SERC monthly meeting minutes where various commission members addressed the confusion that exists regarding responsibility for the notification area since the leadership transition of the SERC from EMA to the Fire Marshal's Office. They concluded that the various commission agencies need to get together and clarify this process.

Also under the EOCRA emergency planning provisions, any facility that has one or more of 356 extremely hazardous substances is required to develop and submit to the SERC an emergency plan. EMA reviews and maintains a registered facility roster of all company submitted plans. Each plan contains information that community officials can use at the time of a chemical accident. However there is nothing in the EMA operating procedures that refers to this function. We reviewed the procedures that were being used to maintain the roster of emergency plans and found that the list of companies that should submit plans had not been updated based on the most recent hazardous chemical information (Tier II Report) that is accumulated by and sent from the Department of Labor and Training as part of the SERC process. The EMA staff performing this function agreed with the results of our testing showing a number of companies that should be on the roster and their need to submit plans for review.

It would appear to be beneficial to the entire SERC process for EMA to resume a greater leadership role in the commission for the emergency management aspects of this process and also to get clarification of its duties and responsibilities.

Recommendations

9. Seek clarification of the EMA role in the SERV process from the Chairman of that Commission who is responsible for implementing the Act's emergency planning and notification requirements.
10. Revise and update the standard operating procedures as needed based on the clarification of the EMA role.

Finance and Administration

Finance and Administration procedures including compliance with laws and regulations as well as adherence to good business practices provide important support to the emergency management mission. We reviewed these procedures and determined that there are several areas that need to be strengthened to better support the program.

Personnel Costs/Allocations – EMA allocates personnel costs to various programs that are primarily federal accounts but include general revenue and restricted accounts. We reviewed timecards and supporting documentation for percentage allocations and obtained oral explanations from various staff. Allocations are done entirely based on budget percentages and are not supported by a system of time and effort documentation for actual time spent on programs. Federal requirements as well as internal accountability and program performance requirements and measurements make this an area that needs to be addressed.

Recommendation

11. Ensure that there is adequate documentation to support personnel charges, allocations, and adjustments to the various programs and funds.

Grant/Contract Management – The EMA financial staff maintains grant worksheets to account for the various federal and restricted grant accounts. We reviewed the worksheets and the system used to account for grants, to prepare reports, and to provide support to the various program managers. We determined that there were several areas that need to be strengthened. The worksheets were incomplete and not reconciled to the state controller's records. In two instances, receipt information was not coordinated between program managers and the financial staff to record the transactions or reflect them in the state records. Also, the previously noted lack of a system to charge payroll expenses to grants or programs based on actual work performed contributes to the difficulties in reporting and supporting grant expenditures and communicating useful information to program managers.

Recommendation

12. Strengthen grant management practices by keeping financial information accurate and up to date and improve communication between financial and program staff to enhance the support function.

Compliance With State Laws and Regulations

There are several areas where controls over compliance with state laws and regulations need to be strengthened.

Cash Receipts – State procedures require that cash receipts should be deposited within 7 days and that accounting for electronic fund transfers to the state should be done on a daily basis.

We noted instances where state procedures were not followed for the deposit and recording of cash receipts. In one case a wire transfer was made to the bank for \$72,000 on February 21, 2001 but the accounting entry was not made until June 30, 2001. In another instance a check dated January 1, 2001 was not deposited until May 2, 2001 and the accounting entry made June 30, 2001.

Recommendation

13. Strengthen financial controls to ensure that collecting, depositing, and accounting for cash transactions is done in accordance with state procedures.

Imprest Cash Fund – The EMA has a \$200 petty cash fund that is infrequently used. The last reimbursement of the fund was done over eight months prior to our review.

Recommendation

14. Review the necessity for maintaining a \$200 imprest cash fund to determine if a smaller amount could be justified.

Employer Provided Vehicle – Under Internal Revenue Service regulations the value of personal use of an employer provided vehicle must be included in the employee's taxable gross wages. The State Procedural Handbook, Section A-51 requires that applicable employees report this information on the Annual Statement of Personal Usage for State Provided Vehicles and submit it to the Office of Accounts and Control. We found one instance where this information was not reported.

Recommendation

15. Strengthen controls to ensure that any personal usage information that is required by state procedures is reported to the Office of Accounts and Control.



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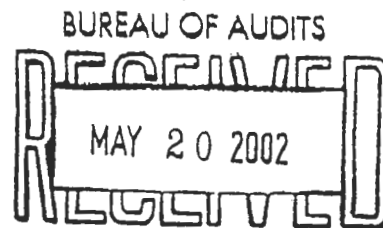
LINCOLN ALMOND
Governor

MG REGINALD A. CENTRACCHIO
Director

ALBERT A. SCAPPATICCI
Executive Director

May 16, 2002

Mr. Stephen Cooper, CFE, CGFM
Chief, Bureau of Audits
One Capitol Hill
Providence, RI 02908-2768



Dear Mr. Cooper:

I am in receipt of the draft audit dated January 9, 2002 for the Military Staff, Emergency Management Agency for the fiscal year ending June 30, 2001 and period July 1, 2001 to October 18, 2002.

The following is the official response of the Rhode Island Emergency Management Agency to the audit findings.

Recommendation # 1 Review the EOP annually and update as required

ACCEPTED

The Change 3 to the EOP is completed. All agencies will be mailed out the changes by the end of May 2002.

Recommendation #2 Ensure that all of the cities and towns' local emergency plans are current and complete.

PARTIALLY ACCEPTED

We have a schedule of plan reviews that are listed in our Emergency Management Planning Grant (EMPG) that outlines the number of plan reviews done annually. However, local personnel must provide the information that is required for local plans. With that limitation we agree that local plans should be more current and will continue to work with the local municipalities according to the schedule.

Recommendation #3 Review All SOPs and update as needed.

Recommendation 4 Develop an SOP to give step-by-step procedures to active the current emergency alert system.

ACCEPTED

All current SOPs are being review and updated. An SOP for the EAS has been completed and is available.

Recommendation #5. Update the list of Disaster preparedness coordinators for all state agencies.

ACCEPTED: EMA will request and updated list of State agency contacts for an emergency or disaster situation for its records. This will be completed by 7/1/2002

Recommendation 6 Review the MOU's in place to ensure they are current and to determine if additional agreements need to be established to ensure the deliver of support services.

ACCEPTED. The MOUs currently in place will be reviewed and updated by September 30, 2002

Recommendation #7: Review the current need and requirement for an alternative emergency operations center, develop a plan including any necessary agreements and update the Emergency Operations Plan to reflect any changes.

ACCEPTED: This review will become part of an overall evaluation of RIEMA's capabilities that will be reviewed after a full scale exercise scheduled for June 11, 12 2002.

Currently the alternative site for an EOC at Zambarano has no equipment or operating facilities. The issue of funding is a major factor and will continue to be on unless major funding from the federal government is available.

Recommendation #8: Develop a plan and work with the necessary parties to make all CDSTARS sites operational.

PARTIALLY AGREE: Plans have been developed to correct CDSTARS radios. As funds become available corrective measures will continue to take place. An overall review of the state communications capability is underway that will factor in the reliability and usefulness of the CDSTARS system.

Recommendation #9 Seek Clarification of the EMA role in the SERC process from that Commission who is responsible for implementing the Act's emergency planning and notification requirements

#10: Revise and update the standard operating procedure as needed based upon the clarification of the EMA role.

AGREED: A letter will be sent to the Chairman of the SERC asking for clarification of EMA's role and a revised SOP.

Recommendation #11. Ensure that there is adequate documentation to support personnel charges, allocations and adjustments to the various programs and funds.

Recommendation #12 Strengthen grant management practices by keeping financial information accurate and up to date and improve communications between financial and program staff to enhance the support function.

Recommendation #13 Strengthen financial controls to ensure that collecting depositing and accounting for cash transactions is done in accordance with state procedures

AGREED: RIEMA has hired a new administrative assistant that is assigned to the fiscal staff to oversee the corrective actions noted in this audit. All corrective actions are being addressed and resolved.

Recommendation # 14: Review the necessity of maintaining a \$200 impress cash fund to determine if a smaller amount could be justified

DISAGREE: A \$200 impress account should be maintained at this agency for emergency purposes.

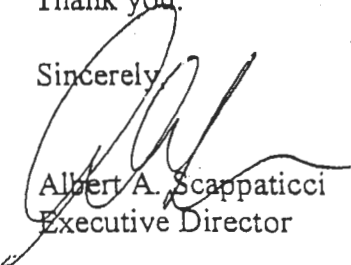
Recommendation #15: Strengthen controls to ensure that any personnel usage information this is required by state procedures is reported to the Office of Accounts and Control.

DISAGREE: All pertinent information is provided to Accounts and Control as required.

If you have any questions or need any additional information, please call me at 946-9996.

Thank you.

Sincerely,



Albert A. Scappaticci
Executive Director